

RECIPROCITY BETWEEN MANAGEMENT CONSULTING INSTITUTES

Toward a Higher Common Denominator

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The executive in the dark blue business suit with the light pin-stripe picked his hanging garment bag out of the closet in the front of the airplane and began the long walk into the jet-way, down two flights of stairs, and through windowless tubular corridors to the terminal ahead. He had been up late the night before, working on his presentation to his client, and the flight was more uncomfortable than usual, but he was "up" for the meeting. He had some very good proposals, and he was looking forward to telling his client about them. He finally reached Customs and Immigration.

"Purpose of your visit?"

"Good morning. Business."

"And what is the nature of your business, sir?"

"Management Consulting."

"May I see your work authorization, please?"

"Well, I have a letter from my client asking me to come today." The management consultant fished in his briefcase for some papers.

"I'm sorry, but you need a work authorization to do management consulting in this country." The Immigration Officer directed the consultant to another desk where the consultant was eventually allowed to enter the country, but only to attend a "business conference." He was not allowed to stay and work as a management consultant.

It doesn't matter whether our management consultant was Canadian trying to enter the United States, or a U.S. citizen trying to enter Canada. If you want to cross that border today to do management consulting in the other country, you had better plan your crossing well. This situation is true of some other border crossings as well.

Exporting Management Consulting

Some see this as a free trade problem, but more often the issue is immigration. The incoming management consultant may be perceived as a threat to local suppliers of such services. This is debatable, but in any event, there are benefits to both countries in allowing management consultants from one country to practice in another. The Canadian Association of Management

Consultants in its document "Towards Freer International Trade in the Services of Management Consulting Firms" discusses some of them. With some editorial license four are:

- . Everybody gains from the increased productivity of talented consultants. With freer access to a wider range of consulting service options, clients improve their productivity, the economy of their nations benefit, and the individual consultants grow in experience and competence.
- . Technology transfers are speeded up. Freer travel of management consultants facilitates the exchange of new technologies offering new opportunities for competition in international markets.
- . Improved management has a favorable affect on the economy of the importing country. Freer trade in management consulting services encourages foreign investment in services by management consulting firms, increased local employment, and a better product through more effective competition.
- . Export opportunities expand the profession in the exporting country. Opening up new export markets to the profession increases employment and billings for management consultants.

Most Certified Management Consultants around the world are confident that they can compete in an international market. They do not want artificial restrictions placed on them. If they have a concern, it may be the potential for unprofessional work by those calling themselves management consultants that would taint the public's view of their profession. Promoting the CMC world-wide may be the answer. Agreeing to accept another country's certification may be the challenge.

The Six "E's

Reciprocity is a mutual exchange of privileges, a giving and receiving in due measure. In the context of this paper, it is a relationship in which my IMC recognizes your certification from your IMC as equal to my certification -- provided your IMC will also recognize my certification as equal to yours.

We have some problems in achieving reciprocity, not the least of which is how our governments play politics with us, as in the scenario at the U.S.-Canadian border. We'll come back to that one later when we get to the subject of entry. The problems are 1) endorsement, 2) education, 3) experience, 4) ethics, 5) examination, and 6) entry. If we solve these problems correctly, we will find that reciprocity will raise the certification of management consultants to a higher common demoninator.

Endorsement

What institutes of management consultants everywhere seem to want is some form of government endorsement, providing some preferential status, but allowing the institutes to regulate their own members. This has happened so far in four provinces in Canada, where the CMC appellation can only be used to designate Certified Management Consultant by members of the Institute of Certified Management Consultants of Canada.*

With the exception of these Certified Management Consultants in Ontario, Manitoba, New Brunswick and Nova Scotia, the CMC appellation anywhere else has no legal status other than as a designation of a class of membership in the Institute of Management Consultants which awarded it. CMCs are not licensed, even in Canada, as are chartered or public accountants, or architects, or attorneys. These latter professions are licensed to protect the public from injury, and their certifications are protected and restricted by law.

The licensing of these professions imposes certain restrictions on others, and an outsider can not practice in a foreign jurisdiction without some sort of reciprocity. In the United States, these professions are licensed by the individual states -- in Canada by the individual provinces -- and a practitioner must satisfy the professional requirements in each state or province in which he would practice.

With reciprocity, a lawyer licensed in one U.S. state will usually find he can be admitted to practice without an examination in another state if he meets the educational requirements of the second state. But a non-US lawyer will probably be required to pass the bar exam for the State where he wants to practice.

The same is true for public accountants, where in the U.S. they must also qualify in each state in which they want to practice, but usually will only have to take the CPA examination in the first state. However, the U.S. no longer has reciprocity with accountants from other countries.**

* The CMC may also be used by others, such as the Certified Municipal Clerks, a group that claimed current usage of the appellation at the time the first legislation was enacted in Ontario, but no other entity or person may use the initials "CMC" to pertain to management consulting.

** This came to pass five years ago when a significant number of Filipino accountants flooded California seeking permission to practice in the U.S. There were so many requests that California officials turned to the International Practice Committee of the American Institute of Certified Public
(...continued on next page)

Over the years there have been several attempts to legislate management consulting through licensing, but none have succeeded. The institutes themselves have been somewhat ambivalent on this issue, wanting to find a way on one hand to get greater professional recognition for management consulting, but not wanting to invite the outside regulation which comes with it.

It would appear that licensing professionals has one of four motivations: first, to protect the public from injury; second, to generate tax revenues for the licensing jurisdiction; third, to restrict entry to the profession; and fourth, to elevate the function in the public eye as a professional activity.

Protecting the public from injury is a worthy but complex process, especially where the body of knowledge of the profession is not well codified, and a process most professions would not like to leave up to the bureaucrat. Generating tax revenues by licensing management consultants is at best a dubious honor. Restricting entry to the profession is self- and not public-serving. Elevating the function of management consulting in the public eye as a profession is also self-serving if it does not also have the effect of raising the ethics, standards and competence of all management consultants.

Management consultants may want recognition as professionals, but licensing by bureaucrats is not how most want to achieve this. They would rather see their institutes do the qualifying and have them then aggressively seek recognition of their constituents by the public and non-member management consultants.

Yet, until our institutes represent a larger percent of their potential constituency some consultants feel they will never achieve the recognition they are seeking without some form of government endorsement. With many different associations attempting to speak for the profession, who or what is it that government is to endorse? What the institutes of management consultants around the world may not be able to do separately, they may be able to do together. The model may be the Institute of Certified Management Consultants of Canada.

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Accountants (AICPA) to find out if California could somehow deny permission to the Filipinos. They could not, but they did anyway while simultaneously granting reciprocity to accountants from every other country. This resulted in a huge class action suit by Filipino accountants against the State, in which the Court found with the Filipinos.

California had two choices: To grant reciprocity to the Filipino accountants, or to deny reciprocity to all foreign accountants. California decided to deny reciprocity to all foreign accountants and eventually the entire U.S. followed California's lead. Not surprisingly, other countries decided to deny reciprocity to U.S. accountants.

In 1983, the Institute of Management Consultants of Ontario (IMCO)* was the first to obtain government endorsement of its "Certified Management Consultant". By Ontario law, only management consultants approved by IMCO could hold themselves out to be CMCs in the Province. Although IMC members of the other Provinces could practice in Ontario, they could not advertise their certification there unless their CMC was also approved by IMCO.

This was achieved through reciprocity. Since certification requirements within all Canadian IMCs are uniform, IMCO can grant reciprocity to a certified member of any Canadian IMC upon application by the individual consultant. Reciprocity is also recognized by the four other Provinces which have endorsed the CMC, and as other Provinces follow suit, reciprocity will eventually stretch across the Continent.

The point is not that endorsement by the government is necessary for reciprocity. Canada had reciprocity before the Ontario legislation. Endorsement by each other is what is required. The experience in Canada illustrates that reciprocity can work where the different IMCs recognize and endorse each other's certifications, even where the CMC has legal standing.**

As we shall discuss next, this means the IMCs must not only recognize the attainment of the minimum requirements by other CMCs, but also the process by which they were validated by other IMCs.

Education and Experience

Since there is no uniformly accepted "Body of Knowledge" (BOK) within the profession of management consulting -- indeed, there are those who conclude a relevant BOK cannot exist -- most IMCs qualify their candidates for CMC based on experience complemented by level of education. The assumption is that if you have been practicing effectively for a given number of years in the past, you must be qualified to do so in the future.

The actual combination of education and experience required varies somewhat from institute to institute and is the subject of another paper. The process used to validate education and experience may also vary. To the extent that requirements and validation meet at least minimum standards, the accreditation practices of one IMC should be accepted by another, and its

* The name was changed in 1986 to the Institute of Certified Management Consultants of Ontario.

** It also illustrates that where IMCs work the same agenda together, they are apt to achieve greater public recognition of the CMC.

certifications should be considered sufficient evidence that its CMCs have met the other institute's minimum requirements. It should not be necessary for an applicant seeking reciprocity to complete the normal curriculum vitae, or for the reciprocating institute to initiate a validation process of its own.

To the extent that the reciprocating IMC has greater requirements, the applicant should only have to satisfy the additional education or experience. And even here, if all that is required is additional experience, the years as member of the other IMC should be credited towards total experience. If the reciprocating IMC has continuing education requirements as some will most certainly have in the future, then the CMC being granted reciprocity should be expected to comply with these requirements. The principle here is that an IMC should accept the credentials of a CMC represented by another IMC, but not waive its minimum requirements.

Ethics

Every IMC has the right to expect its members to subscribe to and observe its Code of Professional Conduct. Professional ethics are the foundation upon which the Institutes are built. Although integrity is the common denominator of all these codes, and the internationalization of business has forged generally accepted practices, there are differences. North Americans and Europeans, for instance, calibrate standards of independence differently.

Regardless how CMCs may be oriented on a particular standard, they should conscientiously understand and comply with the Code of Professional Conduct of the IMC of which they seek reciprocity. An IMC can assume that a member in good standing of another IMC has practiced in accordance with the high standards of that Institute, but it is not too much to ask that the member also attest to his or her support of both IMCs' Codes, as well.

Examination

In addition to education, experience, and ethics, certification of management consultants is usually also based on an examination of the candidate, written, oral, or both. Sometimes the oral exam is really an oral interview and not much of an examination of one's credentials, competence or ethics. Of all the Institutes, only Canada and the U.S. currently have written examinations and the U.S. exam only deals with ethics at this point.

When the Institute of Management Consultants of the United Kingdom had examinations, they published guidelines for reciprocal membership providing for the admission of consultants who had been admitted to an IMC abroad. Those whose admission abroad was based on satisfactory completion of an examination in management consulting practice (which was approved by the IMC in the U.K.) could be admitted to U.K. membership without examination. Those whose admission abroad was not based on an examination would be admitted to the next sitting of the examination. Now that the U.K. no longer requires examinations for certification, these provisions are in limbo.

Written examinations, however, don't necessarily mean that a practitioner who has passed them is qualified to practice everywhere. Architects may have different standards and codes to learn between jurisdictions, and possibly even different skills. An architect in Alabama might not have to know about earthquakes to the extent one in California must. The situation is exacerbated between countries. An attorney in the U.S. may not have to learn about a particular precedent in law important in the U.K. In management consulting, the issue might be the way clients view conflict of interest. Other professions handle this by requiring testing of applicants for reciprocity in only certain parts of their body of knowledge.

Oral interviews may still be appropriate even in a routine reciprocal arrangement. It is a way to assure that the foreign CMC comes into the country with serious professional intent and commitment. It also accelerates his or her introduction to the institute and encourages participation.

Entry

The issue of reciprocity is moot, however, if a professional is not able to gain entry to a foreign country to practice there. For a U.S. lawyer to practice in Australia, he must receive an employment nomination from an Australian company. The lawyer would be nominated to work on a specific project. The United Kingdom has a like process. A U.S. lawyer must be asked by a U.K. company to work there. Though not many management consultants are aware of it, they have similar restrictions in some foreign countries. They must obtain work visas which only their clients could initiate.

ACME, the U.S. association of management consulting firms, and CAMC, the Canadian Association of Management Consultants, are working with their separate governments in a collaborative effort to break down the immigration restrictions on free travel of management consultants. At this point we know of no similar

efforts between Australia and North America.

Next Steps

Early in this paper we referred to some benefits of freer international trade in the services of management consultants. Reciprocity between the IMCs of the world can help lead to freer international trade, and bring some other benefits to the profession as well.

- Reciprocity will upgrade the profession. As CMCs practice in other countries, there will be more opportunities for them to grow in experience and competence. As they affiliate with the IMCs in these countries they will expand their horizons and develop their professionalism further.
- Reciprocity will raise certification to a higher common denominator. Accepting the IMC credentials of other certified management consultants, but refusing to waive minimum standards which may be higher than that of their home institute, raises the level of professionalism, both of the individual CMC and the home institute from which he or she came.

There is also the probability that CMCs who are accepted into active membership by another institute will impart the higher standards of their previous institute to their new institute.

- Reciprocity will improve the level of service of the Institutes. As the various IMCs work together on the issue of reciprocity, new relationships, networks and other collaborative agendas will be formed for the benefit of IMC members.
- Reciprocity will raise the public's level of awareness of the CMC. As more consultants work to achieve reciprocity, more outsiders will become aware of the CMC as a credential of meaning, professionalism and commitment.

Reciprocity between IMCs is not new. The IMCs of Canada and the U.K. have accepted CMCs from each other in the past. Perhaps only the U.S. Institute has not participated in any degree of reciprocity. But it appears that any program of reciprocity aside from inside Canada is a bit ad hoc at present. It is time for a formal agreement among the IMCs of the world.

To begin, we must understand how each of us is alike and where we are different. We must understand our missions, our objectives, and our means of accomplishing these objectives. In short, we must go through the process of first certifying the certifying bodies before we start certifying their members. We must get to the point where we can truthfully endorse each other's institute.

Second, we must understand how our membership requirements differ from each other. Some IMCs only have one class of member. The U.S. institute has six classes. We must develop a table of minimum requirements for each class of membership in each institute and determine what additional mix of education and experience would be needed to award reciprocal membership to CMCs from each of the other institutes.

Third, we must understand how certification is validated by each IMC and satisfy ourselves that we can rely on those processes to determine the eligibility of CMCs from other institutes.

Fourth, we must identify the special national requirements with which members from foreign institutes must comply, such as attesting to each IMC's Code of Professional Conduct, and such other statements as the U.S. institute's Standards of Independence.

Fifth, we must accredit the examinations of other IMCs against our own, identifying those parts of ours which may have to be taken to obtain local accreditation.

Finally, it seems apparent that if management consultants are to serve the global market, they must be allowed global freedom to travel and practice. One way is for them to establish agents or affiliates in each of the countries in which they want to practice, and many large firms have done exactly that.

A better way is for each IMC to become fully informed on how its country is treating immigrating management consultants, and work conscientiously to tear down the so-called trade barriers that would restrict entry. It may also be an opportunity to promote IMC certification with these governments, and having them recognize the CMC as a particularly qualified professional, one that is good for the economy and future of their nation.

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